

AFFIDAVIT IN SUPPORT OF SEIZURE WARRANTS

I, Michael Scherger, being duly sworn, state as follows under penalty of perjury:

1. Your Affiant is a Special Agent with the Federal Bureau of Investigation (“FBI”) and has been so employed since July 13, 2014. Your Affiant presently is assigned to the Charlotte Division, where your Affiant is primarily responsible for conducting investigations into public corruption criminal violations. During his instruction at the FBI Academy, Quantico, Virginia, your Affiant received training in a variety of investigative and legal matters, including the topics of Fourth Amendment searches, the drafting of search warrant affidavits, and probable cause. Your Affiant is a graduate of the University of North Carolina at Chapel Hill School of Law, and your Affiant has been a member of the North Carolina Bar in good standing since 2008. Prior to joining the FBI, your Affiant served as judge advocate for the United States Marine Corps (“USMC”) where your Affiant practiced as a criminal trial attorney, and your Affiant still serves in the capacity of a military attorney as a major in the USMC Reserves.

2. This Affidavit is intended to show only that there is sufficient probable cause for the requested Seizure Warrants and does not set forth all of your Affiant’s knowledge about this matter. The information set forth in this Affidavit comes from your Affiant’s personal observations, training and experience, and information obtained from other agents and witnesses.

3. I make this Affidavit in support of two Seizure Warrants to seize the following funds:

Approximately \$979,128.63 in funds held at WELLS FARGO Bank, account ending in 0809, such account held in the name of NORTH CAROLINA GROWTH AND PROSPERITY ALLIANCE INC. (“Account 0809”); and

Approximately \$475,629.82 in funds held at WELLS FARGO Bank, account ending in 0817, such account held in the name of NORTH CAROLINA GROWTH AND PROSPERITY COMMITTEE INC. (“Account 0817”).

(together, “the Funds”).

4. Your Affiant has probable cause to believe that the Funds constitute or are derived from proceeds of conspiracy in violation of 18 U.S.C. § 1349 and/or bribery in violation of 18 U.S.C. § 666. Therefore, the Funds are subject to seizure for civil and criminal forfeiture pursuant to 18 U.S.C. § 981(a)(1)(C) (civil forfeiture of proceeds); 28 U.S.C. § 2461(c) (rendering criminal forfeiture available in any case in which civil forfeiture is also available); 18 U.S.C. § 981(b) (civil seizure warrants); and 21 U.S.C. § 853(f) (criminal seizure warrants). As of March 12, 2019, your Affiant had identified at least \$979,128.63 remaining in Account 0809 and at least \$475,629.82 remaining in Account 0817.

5. I am familiar with the Bill of Indictment, attached hereto as Exhibit A and returned by a Grand Jury, wherein Greg E. Lindberg, John D. Gray, John V. Palermo, Jr., and Robert Cannon Hayes (hereafter, “the defendants”) were charged for, *inter alia*, their roles in a conspiracy to bribe the Commissioner of the North Carolina Department of Insurance. As set forth more specifically in the Bill of Indictment, during the course of the alleged offenses, the defendants ensured that \$1,500,000 in funds were deposited into the aforementioned accounts. Further, the Grand Jury found probable cause for forfeiture of, among other items, “approximately \$1.5 million in proceeds deposited into two bank accounts held in the name of North Carolina Growth and Prosperity at Wells Fargo Bank, account numbers *0817 and *0809.” Your Affiant incorporates, as if fully set forth herein, the factual allegations set forth in the Bill of Indictment.

6. During the course of the investigation of the offenses set forth in the Bill of Indictment, law enforcement conducted a financial analysis, including review of pertinent bank documents, in order to determine the disposition of crime proceeds in this case. During the

course of that analysis, your Affiant obtained documents that reflect that the \$1,500,000 provided by Lindberg for use to fund the independent expenditure committee and the offenses was deposited into the aforementioned accounts as follows. On or about June 11, 2018, \$1,000,000.00 was deposited into Account 0809 and \$500,000 was deposited into Account 0817.

7. Based on the aforementioned facts, including the Bill of Indictment, the Grand Jury finding of probable cause for forfeiture of the Funds, and analysis of records of the relevant bank accounts, there is probable cause to believe that the Funds constitute or are derived from proceeds of the offenses set forth herein and are therefore subject to seizure for forfeiture. Further, based on my training and experience, a restraining order would not be sufficient to assure that availability of the Funds for forfeiture. Accordingly, Seizure Warrants are necessary.

8. Finally, your Affiant requests that this Court order this Affidavit sealed pending further criminal investigation.



Michael Scherger
Special Agent
Federal Bureau of Investigation

Subscribed and sworn before me this 25 day of March, 2019.



David S. Cayer
HONORABLE DAVID S. CAYER
UNITED STATES MAGISTRATE JUDGE